UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

FILED
JUL - 1 2010
U. S. DISTRICT COURT
E. DIST. OF MO.
ST. LOUIS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.) No.
)
RICHARD SAUNDERS,) 4:10CR00359CEJ
)
Defendant.)

INDICTMENT

COUNTS ONE TO FOUR
(Investment Fraud Scheme)

The Grand Jury charges:

Introduction

1. At times relevant, **RICHARD SAUNDERS**, the defendant herein, maintained a residence in the Eastern District of Missouri. In or around May 2003, **RICHARD SAUNDERS** purchased a condominium residence in St. Louis County, Missouri, for approximately $525,000.

2. **RICHARD SAUNDERS** was formerly employed by the Internal Revenue Service.

3. At all times relevant, **RICHARD SAUNDERS** operated and was affiliated with a business in the Eastern District of Missouri and elsewhere known as Advisors Capital Holdings, Inc., sometimes referred to as "ACH." ACH had an office in St. Louis County, Missouri, and at times used addresses in Texas and California. **RICHARD SAUNDERS** represented himself as "Dr. Richard E. Saunders" and as chairman of ACH.

4. At all times relevant, **RICHARD SAUNDERS** operated and was affiliated with

other businesses in the Eastern District of Missouri and elsewhere, including businesses known as Advisors Security Insurance Co. ("ASIC"), Hamilton Capital Holdings, Tech Consulting, Auto/Rite Properties, Protective Benefit Trust, YTU Associates, Policy Administrators, and Fidelity Health Care Consultants.

5. At all times relevant, National City Bank was a federally insured financial institution. National City Bank was also known as Allegiant Bank and is now known as PNC Bank.

6. At all times relevant, **RICHARD SAUNDERS** and businesses he operated and was affiliated with used the banking services of National City Bank in St. Louis County, Missouri, as well as other banks and financial institutions, including Wells Fargo Bank, Regions Bank, Jefferson Bank and Trust, and Wachovia Securities.

7. At all times relevant, **RICHARD SAUNDERS** had signatory authority on and controlled National City Bank account number #####4595 ("account no. '4595"), which was an account associated with ACH.

Scheme to Defraud

8. Beginning in or around 2002, and continuing until at least in or around February 2008, the exact dates being unknown to the Grand Jury, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, did voluntarily and intentionally devise and participate in a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises.

9. In general, the scheme to defraud was an investment scheme in which **RICHARD SAUNDERS** and at least one other individual operated various businesses, including ACH and ASIC.

10. As part of the scheme to defraud, **RICHARD SAUNDERS** promised investors guaranteed returns by investing in allegedly low risk offshore annuities, based on complex insurance products with guarantees by insurance companies. Investors were advised that their investments would provide returns of approximately 14% to 20%. Typically, investors were advised that their principal would need to be invested for five years and that they could begin to receive interest payments after two years. The scheme defrauded investors in several states, including Missouri.

11. The scheme to defraud operated as a pyramid and Ponzi-style investment scheme in which the investors who were paid returns on their investments were normally paid using investment funds obtained from other investors, rather than from returns on legitimate investments as promised and represented.

12. In general, a participant in the scheme was responsible for soliciting investors and **RICHARD SAUNDERS** organized and orchestrated the scheme. For example, **RICHARD SAUNDERS** maintained and controlled the bank accounts into which investor funds were deposited and withdrawn. **RICHARD SAUNDERS** also met with and communicated with some investors.

13. As part of the scheme, principal funds invested by investors were not invested as promised and represented. Rather such principal funds were often diverted to pay personal expenses of **RICHARD SAUNDERS** and to make lulling payments to certain investors, which

tended to keep the scheme from collapsing.

14. As part of the scheme, investors were advised and encouraged to wire transfer investment funds to the ACH National City Bank account no. '4595. Some investors paid by check and other means.

15. As part of the scheme, **RICHARD SAUNDERS** provided and caused to be provided false and fraudulent representations and promises to investors and potential investors. In some cases, **RICHARD SAUNDERS** falsely promised that investor principal could not be lost.

16. As part of the scheme, **RICHARD SAUNDERS** received investor funds, and deposited and caused to be deposited investor funds into National City Bank account no. '4595.

17. As part of the scheme, **RICHARD SAUNDERS** made and caused to be made periodic interest payments to some investors using funds from National City Bank account no. '4595.

18. As part of the scheme, **RICHARD SAUNDERS** provided and caused to be provided false and fraudulent account statements to investors.

19. As part of the scheme, **RICHARD SAUNDERS** did not invest investor principal as represented and promised.

20. As part of the scheme, **RICHARD SAUNDERS** fraudulently diverted some funds from National City Bank account no. '4595 to off-shore accounts, including an account known as "Bangkok Public Limited Company - J&Y Consulting Services Co. Ltd.," in Thailand.

21. As part of the scheme, **RICHARD SAUNDERS** communicated with investors by various means, including by email messages. **RICHARD SAUNDERS'** correspondence with

investors was often designed and intended to lull investors into complacency and to provide excuses for his failure to provide the returns promised.

22. As part of the scheme, **RICHARD SAUNDERS** failed to truthfully advise investors that their principal had not been invested as promised and represented.

23. As part of the scheme, **RICHARD SAUNDERS** failed to truthfully advise investors that returns that might be paid would be paid using other investor funds.

24. As part of the scheme, **RICHARD SAUNDERS** failed to truthfully advise investors that their principal was not secure.

25. As part of the scheme, between approximately May 2005 and continuing until approximately January 2008, **RICHARD SAUNDERS** paid and caused to be paid numerous lulling payments to at least four investors, totaling more than $200,000, from National City Bank account no. '4595. The lulling payments were made using other investor funds rather than from true returns on investment. **RICHARD SAUNDERS** also paid and caused to be paid other lulling payments from other accounts which he controlled.

26. As part of the scheme, between approximately November 2004 and January 2008, **RICHARD SAUNDERS** spent, paid, and diverted more than $1.3 million in investor funds from the '4595 account for personal and other purposes and expenses which were not related to investing funds as promised and represented to investors. Some of the funds were transferred to overseas accounts, including accounts in the British Virgin Islands, Bermuda, and Thailand. Some of the funds were transferred to other bank accounts over which **RICHARD SAUNDERS** had dominion and control.

27. As part of the scheme, in 2008, **RICHARD SAUNDERS** fled the United States

and relocated to Southeast Asia, including Thailand, without paying investors.

28. In total, the scheme took in more than $4 million in funds transferred to National City Bank account no. '4595.

Wire Fraud

29. On or about the dates listed below, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, having voluntarily and intentionally devised a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing the scheme and artifice to defraud and in attempting to do so, did knowingly transmit and cause to be transmitted in interstate commerce by wire certain writings, signs, signals, pictures, and sounds, namely the following wire transfers from investor accounts to the '4595 account at National City Bank in Missouri:

COUNT	DATE	TRANSFER
ONE	7/8/2005	$187,000 from an account of investor "K.G." of California
TWO	10/26/2005	$96,000 from an account of investor "ATG" of Maryland
THREE	7/18/2006	$500,000 from an account of investor "J.H." of Colorado
FOUR	9/18/2007	$100,000 from an account of investor "R.J." of Texas

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS FIVE TO SEVEN
(Money Laundering)

The Grand Jury further charges:

1. The Grand Jury realleges and incorporates by reference herein paragraphs 1 through 29 of Count One.

2. On or about the dates listed below, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, did knowingly engage and attempt to engage in monetary transactions in and affecting interstate commerce, and involving the use of financial institutions which were engaged in the activities which affected interstate commerce, in criminally derived property of a value greater than $10,000 and said property having been derived from specified unlawful activity, that is, wire fraud in violation of Title 18, United States Code, Section 1343, said monetary transactions being further described as follows:

COUNT	**DATE**	**TRANSACTION**
FIVE	7/11/2005	$100,000 fund transfer from National City Bank account no. '4595 to Bangkok Public Limited Company - J&Y Consulting Services, Co. Ltd.
SIX	7/13/2005	$55,000 fund transfer from National City Bank account no. '4595 to Bangkok Public Limited Company - J&Y Consulting Services, Co. Ltd.
SEVEN	1/30/2008	$94,000 fund transfer from National City Bank account no. '4595 to Auto/Rite Properties LLC Account No. xxxxxx7493 at Regions Bank

In violation of Title 18, United States Code, Sections 1957 and 2.

COUNT EIGHT
(Tax Evasion)

The Grand Jury further charges:

On or about June 24, 2005, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, a resident of St. Louis County, Missouri, did willfully attempt to evade and defeat the payment of a large part of the income tax due and owing by him to the United States of America for the calendar year 1992, in the amount of $46,393, by concealing and attempting to conceal from the Internal Revenue Service the nature and extent of his assets and the location thereof and by making a sham offer in compromise to the IRS on a Form 656 which was false in material respects and omitted material information including information regarding bank accounts which the defendant controlled.

In violation of Title 26, United States Code, Section 7201.

COUNT NINE
(Tax Evasion)

The Grand Jury further charges:

On or about June 24, 2005, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, a resident of St. Louis County, Missouri, did willfully attempt to evade and defeat the payment of a large part of the income tax due and owing by him to the United States of America for the calendar year 1993, in the amount of $63,648, by concealing and attempting to conceal from the Internal Revenue Service the nature and extent of his assets and the location thereof and by making a sham offer in compromise to the IRS on a Form 656 which was false in material respects and omitted material information including information regarding bank accounts which the defendant controlled.

In violation of Title 26, United States Code, Section 7201.

COUNT TEN
(Tax Evasion)

The Grand Jury further charges:

On or about June 24, 2005, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, a resident of St. Louis County, Missouri, did willfully attempt to evade and defeat the payment of a large part of the income tax due and owing by him to the United States of America for the calendar year 1994, in the amount of $190,202, by concealing and attempting to conceal from the Internal Revenue Service the nature and extent of his assets and the location thereof and by making a sham offer in compromise to the IRS on a Form 656 which was false in material respects and omitted material information including information regarding bank accounts which the defendant controlled.

In violation of Title 26, United States Code, Section 7201.

COUNT ELEVEN
(Tax Evasion)

The Grand Jury further charges:

On or about June 24, 2005, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, a resident of St. Louis County, Missouri, did willfully attempt to evade and defeat the payment of a large part of the income tax due and owing by him to the United States of

America for the calendar year 1995, in the amount of $85,328, by concealing and attempting to conceal from the Internal Revenue Service the nature and extent of his assets and the location thereof and by making a sham offer in compromise to the IRS on a Form 656 which was false in material respects and omitted material information including information regarding bank accounts which the defendant controlled.

In violation of Title 26, United States Code, Section 7201.

COUNT TWELVE
(Tax Evasion)

The Grand Jury further charges:

On or about June 24, 2005, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, a resident of St. Louis County, Missouri, did willfully attempt to evade and defeat the payment of a large part of the income tax due and owing by him to the United States of America for the calendar year 1996, in the amount of $47,926, by concealing and attempting to conceal from the Internal Revenue Service the nature and extent of his assets and the location thereof and by making a sham offer in compromise to the IRS on a Form 656 which was false in material respects and omitted material information including information regarding bank accounts which the defendant controlled.

In violation of Title 26, United States Code, Section 7201.

COUNT THIRTEEN
(Tax Evasion)

The Grand Jury further charges:

On or about June 24, 2005, in the Eastern District of Missouri and elsewhere,

RICHARD SAUNDERS,

the defendant herein, a resident of St. Louis County, Missouri, did willfully attempt to evade and defeat the payment of a large part of the income tax due and owing by him to the United States of America for the calendar year 1997, in the amount of $11,459, by concealing and attempting to conceal from the Internal Revenue Service the nature and extent of his assets and the location thereof and by making a sham offer in compromise to the IRS on a Form 656 which was false in material respects and omitted material information including information regarding bank accounts which the defendant controlled.

In violation of Title 26, United States Code, Section 7201.

A TRUE BILL.

____
FOREPERSON

RICHARD G. CALLAHAN
United States Attorney

____
JOHN M. BODENHAUSEN, #94806
Assistant United States Attorney